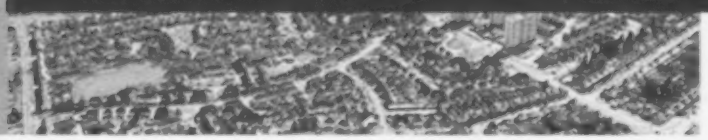
HOUSING MARKET OUTLOOK

Atlantic Region Highlights



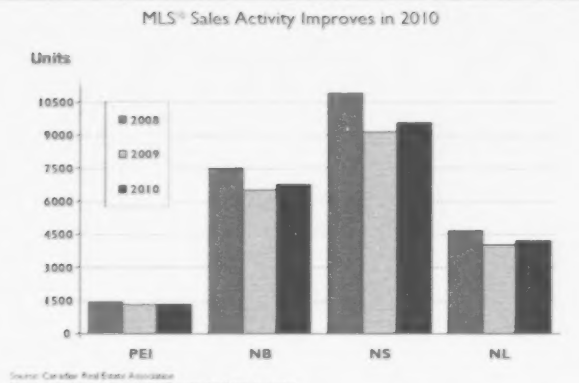
Canada Mortgage and Housing Corporation

Date Released: Second Quarter 2009

Housing Starts Will Rebound in 2010

Figure 1

Figure 2



[1]The outlook is subject to a heightened degree of uncertainty. Although point forecasts are presented in this publication, CMHC also presents forecast ranges and risks where appropriate. The forecasts included in this document are based on information available as of April 30, 2009.

Overview[1]

Housing starts are forecast to decline in 2009 in Atlantic Canada but rise marginally in 2010. Both singles and multiples will see a decline in activity in 2009 as overall economic growth is impacted by the global slowdown.

As we look forward to 2010 we expect to see a gradual recovery in economic growth in Atlantic Canada. The housing sector is expected to show positive growth in 2010, as consumers continue to take advantage of the favorable interest rate environment and a recovery begins to take hold due in part to additional fiscal and monetary stimulus.

Prices Will Remain Stable in 2009

Although inventory levels only rose marginally in 2008 and inventory is not anticipated to increase significantly in 2009, it is expected that the growth in prices will moderate, as the market continues to slow in the first half of 2009.

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Additional stimulus both economic and fiscal should help in stabilizing the housing market toward the end of 2009. This will result in prices remaining slightly positive overall in Atlantic Canada in 2009 and rising 2.5 per cent in 2010.

As the trend for both inter-provincial and international migration remains positive, 2009 will continue to be a better year for labour conditions. Thus, labour prices should become less of a factor in the growth in new home prices in the near term.

MLS® Sales to Decline in 2009 but Recover in 2010

In 2009, existing home sales activity is expected to decline across the region. There is some downside risk to the forecast, if consumers remain cautious and income growth is weaker than expected in 2009 but this problem is less of a concern at this point compared to six months ago. As a result 2010 becomes a year for rebuilding momentum in the market as sales are expected to rise just under five per cent.

Economic Forecast

The expectations for 2009 are less uncertain compared to six months ago as increased government expenditures and monetary stimulus will contribute to some increased economic activity over the forecast period.

Although the Hebron project will continue to support Newfoundland in 2009 the economy will be impacted by the global slowdown. The project's contributions will be offset by a slowdown in mining and other resource based activity, including the fishery. Weaker offshore oil production will also dampen growth in 2009 and 2010, although an eventual increase in royalties received by the province from Hibernia will contribute to future growth. Infrastructure spending by the province will offset some of the expected decline in private sector spending. However, there are high expectations beyond the forecast period, as a number of resource related projects begin to add to economic growth.

The slowdown in economic growth in Prince Edward Island in 2009 will be followed by a small rebound in 2010 as the global recovery takes hold. Gains in employment will continue to be limited though. Although consumer spending remained strong in 2008 the outlook for spending is also expected to slow in 2009. The tourism sector will be less impacted by the effects of the Canadian dollar or higher gas prices in 2009 as compared to 2008. At the same time it will still be challenging for tour operators to attract tourists.

Positive economic growth in 2009 will be difficult to achieve for the Nova Scotia economy although there are signs that 2009 may be better than previously forecast as a result of stronger employment growth in the first quarter of 2009. At the same time without an improvement in demand south of the border the province's current and future growth prospects will be muted. The outlook will be supported by the Deep Panucke project from EnCana which will add to growth in 2009 and 2010 as the company continues to support the longer term future growth potential from this project.

The economic downturn will take hold in New Brunswick in 2009 as a result of soft commodity prices, and a fall in capital spending as projects complete or near completion. A continued slump in global demand for commodities will hamper economic growth until a global recovery begins to take hold in 2010. The possible addition of a new oil refinery to the Saint John area would help position the region as the energy hub for Atlantic Canada. However no formal decision is expected until late 2009. Therefore, employment and economic growth are expected to be weak in 2009, followed by a marginal recovery in 2010.

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Atlantic Region Economic and Housing Indicators

		Labour Market				Housing Market				
		Emp. Growth SA[2] (%)	Unemp. Rate SA[2] (%)	Average Weekly Earnings ($)		Total Starts	Single-Detached Starts	Multiple Starts	MLS® Sales	MLS® Average Price ($)
St. John's	Q1 2009	5.2	7.4	771.88	Q1 2009	214	166	48	623	$195,517
	Q1 2008	4.1	8.1	744.45	Q1 2008	172	141	31	713	$156,953
	Change[1]	1.1	-0.7	3.7%	% Change	24.4	17.7	54.8	-12.6	24.6
Charlottetown[1]	Q1 2009	-7.7	11.2	n/a	Q1 2009	20	17	3	n/a	n/a
	Q1 2008	2.5	8.2	n/a	Q1 2008	39	24	15	n/a	n/a
	Change[1]	-10.2	3.0	-	% Change	-48.7	-29.2	-80.0	-	-
Halifax[2]	Q1 2009	3.5	6.0	757.55	Q1 2009	274	104	170	975	$228,827
	Q1 2008	0.4	4.9	687.86	Q1 2008	423	204	219	1,324	$221,473
	Change[1]	3.1	1.1	10.1%	% Change	-35.2	-49.0	-22.4	-26.4	3.3
Fredericton	Q1 2009	3.8	6.5	n/a	Q1 2009	32	30	2	322	$152,401
	Q1 2008	-3.9	5.4	n/a	Q1 2008	59	55	4	369	$145,960
	Change[1]	7.7	1.1	-	% Change	-45.8	-45.5	-50.0	-12.7	4.4
Moncton	Q1 2009	5.0	5.4	697.68	Q1 2009	54	22	32	445	$147,457
	Q1 2008	9.5	6.5	627.23	Q1 2008	77	34	43	533	$147,275
	Change[1]	-4.5	-1.1	11.2%	% Change	-29.9	-35.3	-25.6	-16.5	0.1
Saint John	Q1 2009	2.3	6.3	732.45	Q1 2009	163	40	123	333	$160,693
	Q1 2008	3.0	5.8	701.46	Q1 2008	165	72	93	396	$149,324
	Change[1]	-0.7	0.5	4.4%	% Change	-1.2	-44.4	32.3	-15.9	7.6
NL	March 09	-1.8	14.7	742.63	Q1 2009	274	218	56	623	$195,517
	March 08	1.8	12.7	715.59	Q1 2008	208	177	31	713	$156,953
	Change[1]	-3.6	2.0	3.8%	% Change	31.7	23.2	80.6	-12.6	24.6
PEI	March 09	-3.2	11.5	670.94	Q1 2009	44	31	13	202	$146,177
	March 08	1.9	10.5	613.32	Q1 2008	65	44	21	216	$134,670
	Change[1]	-5.1	1.0	9.4%	% Change	-32.3	-29.5	-38.1	-6.5	8.5
NS	March 09	0.8	8.9	705.91	Q1 2009	446	212	234	1,666	$186,119
	March 08	0.6	7.8	660.53	Q1 2008	698	369	329	2,146	$187,624
	Change[1]	0.2	1.1	6.9%	% Change	-36.1	-42.5	-28.9	-22.4	-0.8
NB	March 09	-0.3	9.5	689.89	Q1 2009	321	155	166	1,174	$148,308
	March 08	1.8	8.6	659.61	Q1 2008	435	237	198	1,375	$142,968
	Change[1]	-2.2	0.9	4.6%	% Change	-26.2	-34.6	-16.2	-14.6	3.7
Atlantic Region	March 09	-0.4	10.5	723.08	Q1 2009	1,085	616	469	3,665	$173,403
	March 08	1.3	9.2	668.19	Q1 2008	1,406	827	579	4,450	$166,341
	Change[1]	-1.7	1.2	8.2%	% Change	-22.8	-25.5	-19.0	-17.6	4.2
Canada	March 09	-1.5	8.0	799.27	Q1 2009	23,772	8,814	14,958	76,896	$283,520
	March 08	1.9	6.1	769.33	Q1 2008	43,610	15,329	28,281	105,202	$310,798
	Change[1]	-3.5	1.9	3.9%	% Change	-45.5	-42.5	-47.1	-26.9	-8.8

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[1]Changes to the Unemployment Rate and Employment Growth represent the ***absolute*** difference between current rates and the rates for the same period in the previous year.

[2]Seasonally adjusted Labour Force data is not available for Charlottetown, Fredericton, Moncton and, therefore, raw data was used.

Source: Statistics Canada (CANSIM), CMHC (Starts and Completions Survey), CREA. [1] PEI Real Estate Association, [2] Nova Scotia Association of REALTORS®

"SA" means Seasonally Adjusted

Atlantic Region Housing Forecast - New Construction

	Housing Starts	2008	2009(F)*	% chg (2008/2009)	2010(F)*	% chg (2009/2010)	YTD 2009	YTD 2008	% chg (2008/2009)
St. John's	Single-Detached	1,485	1,200	-19.2	1,400	16.7	166	141	17.7
	Multiple	378	350	-7.4	400	14.3	48	31	54.8
	Total	1,863	1,550	-16.8	1,800	16.1	214	172	24.4
Charlottetown	Single-Detached	280	225	-19.6	250	11.1	17	24	-29.2
	Multiple	146	125	-14.4	125	0.0	3	15	-80.0
	Total	426	350	-17.8	375	7.1	20	39	-48.7
Halifax	Single-Detached	1,180	900	-23.7	1,000	11.1	104	204	-49.0
	Multiple	916	880	-3.9	1,080	22.7	170	219	-22.4
	Total	2,096	1,780	-15.1	2,080	16.9	274	423	-35.2
Fredericton	Single-Detached	475	430	-9.5	450	4.7	30	55	-45.5
	Multiple	223	160	-28.3	170	6.3	2	4	-50.0
	Total	698	590	-15.5	620	5.1	32	59	-45.8
Moncton	Single-Detached	566	540	-4.6	560	3.7	22	34	-35.3
	Multiple	793	625	-21.2	670	7.2	32	43	-25.6
	Total	1,359	1,165	-14.3	1,230	5.6	54	77	-29.9
Saint John	Single-Detached	488	425	-12.9	440	3.5	40	72	-44.4
	Multiple	344	300	-12.8	320	6.7	123	93	32.3
	Total	832	725	-12.9	760	4.8	163	165	-1.2
NL	Single-Detached	2,725	2,250	-17.4	2,500	11.1	218	177	23.2
	Multiple	536	425	-20.7	475	11.8	56	31	80.6
	Total	3,261	2,675	-18.0	2,975	11.2	274	208	31.7
PEI	Single-Detached	521	425	-18.4	450	5.9	31	44	-29.5
	Multiple	191	150	-21.5	175	16.7	13	21	-38.1
	Total	712	575	-19.2	625	8.7	44	65	-32.3
NS	Single-Detached	2,636	1,900	-27.9	2,000	5.3	212	369	-42.5
	Multiple	1,346	1,200	-10.8	1,425	18.8	234	329	-28.9
	Total	3,982	3,100	-22.1	3,425	10.5	446	698	-36.1
NB	Single-Detached	2,519	2,250	-10.7	2,350	4.4	155	237	-34.6
	Multiple	1,755	1,225	-30.2	1,300	6.1	166	198	-16.2
	Total	4,274	3,475	-18.7	3,650	5.0	321	435	-26.2
Atlantic Region	Single-Detached	8,401	6,825	-18.8	7,300	7.0	616	827	-25.5
	Multiple	3,828	3,000	-21.6	3,375	12.5	469	579	-19.0
	Total	12,229	9,825	-19.7	10,675	8.7	1,085	1,406	-22.8
Canada	Single-Detached	93,202	62,400	-33.0	67,900	8.8	8,814	15,329	-42.5
	Multiple	117,854	79,500	-32.5	82,400	3.6	14,958	28,281	-47.1
	Total	211,056	141,900	-32.8	150,300	5.9	23,772	43,610	-45.5

* Although point forecasts are provided in this table, please refer to the Housing Forecast Range table at the end of this report for the relevant ranges

Source: CMHC (Starts and Completions Survey)

(F) = CMHC Forecast

Atlantic Region Housing Forecast - Resale Market

		2008	2009(F)*	% chg (2008/2009)	2010(F)*	% chg (2009/2010)	YTD 2009	YTD 2008	% chg (2008/2009)
St. John's	MLS® Sales(#)	3,835	3,450	-10.0	3,575	3.6	623	713	-12.6
	MLS® Avg. Price ($)	187,571	198,000	5.6	204,000	3.0	195,517	156,953	24.6
Charlottetown[1]	MLS® Sales(#)	595	540	-9.2	555	2.8	n/a	n/a	-
	MLS® Avg. Price ($)	175,231	177,000	1.0	179,500	1.4	n/a	n/a	-
Halifax[2]	MLS® Sales(#)	6,205	5,500	-11.4	5,900	7.3	975	1,324	-26.4
	MLS® Avg. Price ($)	229,916	230,000	0.0	235,000	2.2	228,827	221,473	3.3
Fredericton	MLS® Sales(#)	2,160	1,900	-12.0	1,950	2.6	322	369	-12.7
	MLS® Avg. Price ($)	152,268	154,000	1.1	158,500	2.9	152,402	145,960	4.4
Moncton	MLS® Sales(#)	2,663	2,300	-13.6	2,350	2.2	445	533	-16.5
	MLS® Avg. Price ($)	143,173	145,500	1.6	149,000	2.4	147,457	147,275	0.1
Saint John	MLS® Sales(#)	2,166	1,800	-16.9	1,850	2.8	333	396	-15.9
	MLS® Avg. Price ($)	158,117	163,500	3.4	170,000	4.0	160,693	149,324	7.6
NL	MLS® Sales(#)	4,695	4,000	-14.8	4,200	5.0	623	713	-12.6
	MLS® Avg. Price ($)	178,477	192,500	7.9	198,000	2.9	195,517	156,953	24.6
PEI	MLS® Sales(#)	1,413	1,300	-8.0	1,325	1.9	202	216	-6.5
	MLS® Avg. Price ($)	139,944	140,250	0.2	141,500	0.9	146,177	134,671	8.5
NS	MLS® Sales(#)	10,874	9,000	-17.2	9,500	5.6	1,666	2,146	-22.4
	MLS® Avg. Price ($)	189,902	190,000	0.1	195,000	2.6	186,119	187,624	-0.8
NB	MLS® Sales(#)	7,555	6,500	-14.0	6,750	3.8	1,174	1,375	-14.6
	MLS® Avg. Price ($)	145,762	146,500	0.5	149,000	1.7	148,308	142,968	3.7
Atlantic Region	MLS® Sales(#)	24,538	20,800	-15.2	21,775	4.7	3,665	4,450	-17.6
	MLS® Avg. Price ($)	171,247	173,777	1.5	178,064	2.5	173,403	166,341	4.2
Canada[1]	MLS® Sales(#)	433,990	357,800	-17.6	386,100	7.9	76,827	105,115	-26.9
	MLS® Avg. Price ($)	303,607	283,100	-6.8	283,100	0.0	283,523	310,821	-8.8

*Although point forecasts are provided in this table, please refer to the Housing Forecast Range table at the end of this report for the relevant ranges

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Source: CREA, [1] PEI Real Estate Association, [2] Nova Scotia Association of REALTORS®

(F) = CMHC Forecast

[1]Canada total excludes the territories

Atlantic Region Housing Forecast - Rental Market				
	Vacancy Rate		Average Rent 2-Bedroom Units	
	Oct 2008	Oct 2009(F)	Oct 2008	Oct 2009(F)
St. John's	0.8	1.0	630	700
Charlottetown	2.3	2.0	672	715
Halifax	3.4	3.5	833	850
Fredericton	4.3	4.5	697	700
Moncton	2.4	2.5	656	640
Saint John	3.1	2.8	618	600
Canada[1]	2.3	2.2	n/a	n/a

Source: CMHC Fall Rental Market Survey
(F) = CMHC Forecast
[1] All centres 10,000+

Atlantic Region - Housing Forecast Ranges

	2009			2010		
	Point Forecast	**High Forecast**	**Low Forecast**	**Point Forecast**	**High Forecast**	**Low Forecast**
Newfoundland						
Housing Starts	2,675	3,200	2,400	2,975	3,000	2,100
Multiple	425	500	350	475	500	300
Single	2,250	2,700	2,050	2,500	2,500	1,800
MLS® Sales	4,000	4,300	3,700	4,200	4,400	3,750
MLS® Average Price ($)	192,500	195,000	185,000	198,000	205,000	192,000
Prince Edward Island						
Housing Starts	575	625	525	625	675	575
Multiple	150	175	125	175	200	150
Single	425	450	400	450	475	425
MLS® Sales	1,300	1,350	1,200	1,325	1,450	1,250
MLS® Average Price ($)	140,250	145,500	138,000	141,500	148,500	138,000
Nova Scotia						
Housing Starts	3,100	4,100	2,750	3,425	4,400	3,000
Multiple	1,200	1,500	1,000	1,425	1,750	1,150
Single	1,900	2,600	1,750	2,000	2,650	1,850
MLS® Sales	9,000	9,500	8,500	9,500	10,000	9,000
MLS® Average Price ($)	190,000	196,000	187,000	195,000	200,000	188,000
New Brunswick						
Housing Starts	3,475	3,700	2,900	3,650	4,000	2,750
Multiple	1,225	1,300	900	1,300	1,350	850
Single	2,250	2,400	2,000	2,350	2,650	1,900
MLS® Sales	6,500	7,500	6,000	6,750	7,250	5,800
MLS® Average Price ($)	146,500	152,000	143,000	149,000	155,000	146,000
Canada						
Housing Starts	141,850	160,000	125,000	150,200	180,000	130,000
Multiple	79,450	89,000	71,200	82,200	98,800	69,500
Single	62,400	71,000	53,800	68,000	81,200	60,500
MLS® Sales	357,800	380,000	320,000	386,100	430,000	350,000
MLS® Average Price ($)	283,100	295,000	270,000	283,100	300,000	270,000

Sources : CMHC

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